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SUBJECT: SERBIA: JAGODINA MAYOR PALMA RAISES PROFILE ON NATIONAL STAGE

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Summary

¶1. (SBU) Over the past year, Dragan Markovic "Palma," founder and president of United Serbia (JS), has emerged as an increasingly prominent voice on the national scene. Leveraging his success as mayor of Jagodina and developing his friendship with Socialist Party of Serbia (SPS) President Ivica Dacic, Palma has maneuvered himself into an influential position within the national-level SPS-led coalition where he has sought to establish himself as a spokesman for Western values. Palma's reinvention of himself from militant nationalist to a selectively pro-Western politician reflects a pragmatic calculation that sees Serbia's political and economic future with Europe. End Summary.

Colorful Mayor and "Contemporary" of Beethoven

¶2. (SBU) Dragan Markovic "Palma," the heavy-set, bald, kick-boxing mayor of Jagodina, continues to win ratings as Serbia's most popular mayor and is an instantly recognizable personality nationwide. Mayor of the mid-sized Central Serbian municipality of Jagodina (population roughly 85,000) since the 1990s, Palma presided over his city's economic boom on a model of extensive public expenditure and thinly-disguised authoritarian rule. Palma made his fortune through monopolies on mining and the illicit oil trade in the 1990s when he was an associate of the late organized crime figure and Hague-indicted war criminal Zeljko Raznatovic "Arkan." Palma served as a colonel in Arkan's notorious paramilitary group "Tigers" and later represented Arkan's political party in Parliament.

¶3. (SBU) Today, Palma literally buys public support through an extensive social safety net that offers tax-free cash payments to citizens who fall into a range of categories, including as couples who marry in Jagodina, bear children (up to ?200 monthly per child for those who have four or more children), guaranteed wages for recent high school graduates, handouts for Roma, and many others. In addition to maintaining city services and renovating downtown Jagodina, Palma built tourist attractions-including a wax museum, aqua park, and zoo-which draw in about 15,000 tourists monthly and are accessible to local citizens at reduced fees. Though Palma told us that the funds for these expenditures came from local revenues and less than 10% of the city's budget depends on transfer payments from Belgrade, it is widely suspected that Palma's business interests and suspect financial sources fill gaps in the city budget. Part of Palma's lucrative business empire includes Palma TV, a nationwide channel that also provides him an outlet to exert influence through the media.

¶4. (SBU) Palma's appeal is enhanced by his ability to communicate with the less-educated, peasant sections of Serbia's population. For example, while discussing his role in the June local elections in Vozdovac and Zemun (Ref), Palma told us over coffee that voters realized that he knew how to build roads, markets, and toilets better than the rival Serbian Progressive Party (SNS) because SNS President Tomislav Nikolic "never knew how to make a quality toilet."

¶5. (SBU) This confident folksiness occasionally leads to gaffes (often captured on YouTube), such as Palma's assertion last year that all great musicians performed for him in Jagodina, and that he would have had Mozart and Beethoven perform for him as well had he not been so young at the time. On a separate occasion Palma said he could guarantee there were no homosexuals in Jagodina "because I personally know all the men in Jagodina and none of them is gay." (Palma described these anecdotes to us as his "pearls.") Palma told us in June that his popularity is mostly the product of his connection with constituents who reelected him last year with over 93% of votes cast, adding with a chuckle, that this was "an even better result than that achieved by Saddam Hussein."

Influential Partner with Socialists

¶6. (SBU) Despite his penchant for eyebrow-raising comments, Palma has proven to be a cool political calculator who has positioned himself as a key voice in the Socialist-led SPS-PUPS-JS coalition on the national level. While United Serbia was formed in 2004 as a nationalist party and ran on the DSS list as late as 2007, Palma read the political tea leaves and switched to the SPS list in the May 2008 parliamentary elections, winning three seats and joining the

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governing coalition. Palma's first few months in the governing coalition were marred by revelations that he secured roughly \$400,000 from the national budget for Jagodina, including a widely-ridiculed purchase of a giraffe for the local zoo. Palma nonetheless established himself as a prominent Socialist bloc spokesman on a number of controversial issues, including this spring's Anti-Discrimination Law and was given responsibility by Dacic to design the platform for the SPS-led bloc to use in its negotiations this month with the SNS in the Zemun and Vozdovac municipalities. Palma's annual saint's day (slava) celebration in July—which traditionally includes a kickboxing match and featured a performance by controversial folk singer (and Arkan widow) Ceca Raznatovic—was attended this year by President Tadic, SPS president (and close Palma friend) Ivica Dacic, Diaspora Minister Srdjan Sreckovic, Belgrade Assembly president Aleksandar Antic, Nafta Industrija Srbija (NIS) executives, and diplomatic representatives from the UK, Slovenia, Bulgaria, and our Embassy.

Turning Toward the West

¶7. (SBU) Since joining the governing coalition last year, Palma has attempted to distance himself from his earlier nationalist rhetoric to become an advocate for Serbia's European integration and good relations with the United States. In October 2008 during the DCM's visit to Jagodina, Palma announced his support for the EULEX mission in Kosovo during a sensitive time in negotiations between Belgrade and Brussels. Palma told us in June that Vice President Biden's visit to Belgrade signified a positive turning point in Serbia's relations with the United States and emphasized his continued commitment to close cooperation with the United States. At a subsequent event featuring a U.S. company, Palma expounded on these points publicly and lauded his personal cooperation with our Embassy.

(His pro-American rhetoric was followed by an awkward, passionate non-sequitur in which he declared that Serbia would never recognize Kosovo.) Palma told us privately that Serbia needed to define its future in close cooperation with the United States because Russia had historically "walked all over us" and that Russian foreign policy and investments would never have Serbia's interests at heart.

¶8. (SBU) In his conversations with us, Palma has not denied his

earlier connections with Arkan but argues that he is now an advocate for anti-nationalist European values. Evoking images of Arkan's "Tigers," Palma sports a stuffed tiger in his office, named his Jagodina-based kick-boxing team "Palma's Tigers," and admitted to the DCM that Arkan had committed crimes against Bosniaks and Croats in the 1990s "because they were committing crimes against us." Palma insisted to us that he is now firmly against militant Serbian nationalism and that he emphatically tells his followers that "militant nationalism serves no one. Period." Preferring to call himself an "economic patriot," Palma said that Serbia today needed more economic nationalism. However, the economic crisis in Serbia threatened to give rise to dangerous, pro-Russia sentiment mostly via the SNS and Nikolic, whom Palma described as a retrograde nationalist incapable of distancing himself from Radical ideology.

Comment

¶9. (SBU) Palma is an autocratic personality whose control of Jagodina resembles that of a populist tyrant. However, Palma is seeking to cast himself as a pro-American politician while occasionally making gaffes that undermine his credibility in that endeavor. Palma's calculated attempt to transform himself from an Arkan associate to a Western-oriented political figure demonstrates the appeal of Serbia's European path among those in the rural Serbian heartland. Should that appeal erode in the wake of the economic crisis, the supremely pragmatic Palma would likely be among the first in the SPS coalition to voice misgivings and change his tune again.

End Comment.

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